

20 April 2023

(23-2824) Page: 1/7

#### **Committee on Market Access**

#### **COMMITTEE ON MARKET ACCESS**

LESSONS LEARNED FROM THE EXPERIENCE-SHARING SESSIONS ON TRADE IN COVID-19 RELATED GOODS<sup>1</sup>

#### 1 INTRODUCTION

- 1.1. As a result of a request from Members<sup>2</sup>, the Committee on Market Access (the Committee or CMA) has held six experience-sharing sessions<sup>3</sup> to explore areas or topics in relation to trade in COVID-19 goods within the mandate of the Committee. At each session, Members volunteered to share information and data on their national experiences in relation to the following topics identified by the Committee<sup>4</sup>:
  - The definition of essential goods to combat the pandemic; that is, how Members have defined such lists and updated them over time;
  - Classification of COVID-19 essential goods within the Harmonized System and challenges faced by Members with the tariff classification;
  - How Members have monitored and measured trade in COVID-19 essential goods, including through the creation of national tariff lines or statistical breakouts;
  - Sharing of Members' practices on measures aimed at easing trade in COVID-19 goods under the purview of the Committee, including, for example, in relation to tariff suspension, reduction, or elimination; and
  - How to improve transparency in export restrictions, as well as sharing of experiences with respect to the choices underpinning the use of such restrictions (for example why a certain type of measure was chosen, what factors determined the termination/non-renewal of certain measures, and whether a review of their effectiveness was undertaken).
- 1.2. In light of the close relationship between some of these topics with the application of the Harmonized System (HS), the World Customs Organization (WCO) was invited to participate in the sessions on the classification and monitoring of trade in COVID-19 goods. At the request of Members, a session was also held focusing mainly on the lessons learned from the COVID-19 pandemic, which also involved other stakeholders. In addition, a dedicated session was held for the sharing of practices and experiences by Least Developed Countries (LDCs) on trade in COVID-19 related goods.
- 1.3. The following sections summarise the main lessons learned from the COVID-19 pandemic in relation to trade in COVID-19 essential goods based on inputs submitted by Members during the

<sup>&</sup>lt;sup>1</sup> This document is without prejudice to Members' rights and obligations under the WTO.

<sup>&</sup>lt;sup>2</sup> See G/MA/M/76 agenda item 8.

<sup>&</sup>lt;sup>3</sup> The six experience-sharing sessions took place, respectively, on <u>4 March 2022</u>, <u>26 April 2022</u>, <u>18 July 2022</u>, <u>16 September 2022</u>, <u>21 November 2022</u>, and <u>24 March 2023</u>.

<sup>&</sup>lt;sup>4</sup> The topics and format of experience-sharing sessions were identified by Members during informal open-ended consultations conducted by the Chairperson on 9 February 2023.

<sup>&</sup>lt;sup>5</sup> External stakeholders invited by the Committee in the session on lessons learned from COVID-19 pandemic include representatives from: the Organisation for Economic Co-operation and Development (OECD), DHL and Western Union from Dominica, CEPI, and Medtronic. The recording of the session is available at: <a href="Mailto:CMA">CMA</a>
Experience Sharing Session with External Stakeholders - YouTube.

experience sharing sessions, as reflected in the summary reports<sup>6</sup>, and the information shared by external stakeholders. The Committee will further update this document based on subsequent inputs from Members.

## 2 IDENTIFY "ESSENTIAL" GOODS AND THEIR TARIFF CLASSIFICATION

- 2.1. During the initial phases of the COVID-19 pandemic, one of the first steps that several Members undertook was the establishment of national lists of products that were considered to be "essential" in their response to the pandemic. These lists were usually established as a result of cooperation amongst several government agencies, as well as the private sector. The identification of essential goods varied from one Member to the other and included health-related items as well as foodstuffs, particularly in the case of LDCs.
- 2.2. The guidance of international organizations (such as the <u>Joint Indicative List of critical COVID-19 vaccine inputs</u> developed by the WTO in collaboration with the WCO and others) also proved useful in informing the approach taken by Members to identify their list of essential goods. Most of these national lists were published and their content was updated as the pandemic evolved.
- 2.3. Once these essential goods were identified, some Members also tried to identify their tariff classification both at the six-digit and at the national tariff line level in order to implement targeted trade policy measures.
- 2.4. At the <u>domestic level</u>, some Members highlighted the following practices:
  - Establish or reinforce national cooperation mechanisms across government agencies with a
    view to ensuring that there is an entity coordinating actions of all government agencies
    involved to avoid duplication in the identification of essential products and the national policy
    response.
  - Ensuring the participation and commitment of all stakeholders, including the private sector, proved useful in the process of identifying essential products.
  - Once the list of essential products has been identified, in most cases their tariff classification should be determined. This may require reviewing the domestic tariff nomenclature (either at national tariff line or statistical levels) to ensure that this is sufficiently precise to identify essential goods and allow for targeted policy measures.
  - Some Members considered that a flexible, non-prescriptive approach to the definition of
    essential goods, by identifying for example a non-exhaustive list of tariff codes under which
    essential goods could be classified, helped them avoid limitations related to the
    HS classification and allow the adoption of targeted trade policy measures.
  - Reinforce national coordination among the trade department and the customs administration
    of Members to clarify the tariff classification of essential goods to ensure a targeted policy
    response.
  - Once the information about the list of essential goods and their tariff classification has been
    established, the information should be published as soon as possible in a way that such
    information is available early on to traders (i.e., to minimize classification challenges and
    smoothen importation, exportation and transit of these goods).
  - Ensure the periodic evaluation and update of national lists of essential products in order to provide timely information that can guide decision-making.

 $<sup>^6</sup>$  The Secretariat summarized the discussions of each experience-sharing session in document  $\underline{\mathsf{JOB/MA/152}}$  and its addenda.

- 2.5. At the <u>international level</u>, some Members and external stakeholders highlighted the following practices:
  - Members should share information about their national lists of essential products and classification decisions with a view to pooling information and facilitating the establishment of common reference lists and their regular update.
  - A certain degree of aligned policies/practices for example, definition of "essential" goods across Members would avoid differences in regulatory approaches and expedite clearance of goods.
  - Encourage Members to provide their national lists of essential goods and their national classifications to the WTO Secretariat, including the corresponding import data at the national level, to aggregate the information and allow for analysis.
  - Relevant international organizations (such as the WTO, the WCO, and the World Health Organization) should coordinate and provide Members with timely guidance on the identification of essential goods and their customs classification for trade policy purposes, for example through the development of common reference lists of essential goods.

#### 3 IMPROVE DATA COLLECTION AND SHARING OF INFORMATION

- 3.1. Some Members were of the view that the way in which trade data is traditionally collected and processed at the national and international level is not sufficient in supporting the adoption of trade policy responses amid a crisis, such as the COVID-19 pandemic. Having access to timely and detailed trade data is an essential element for the adoption of informed trade policy measures. It is also key to understand the impact of the pandemic on global supply chains of essential goods and the effects that it had on industries, particularly on micro, small and medium enterprises (MSMEs).
- 3.2. At the domestic level, some Members highlighted the following practices:
  - Develop more specific and/or separate data collection systems for imports and exports of essential goods.
  - Introduce subdivisions in the national nomenclatures, such as national tariff lines (i.e., national or regional breakouts beyond the HS six-digit level); and/or statistical codes (i.e. codes beyond the national tariff line level that enable customs to differentiate imports or exports) to better monitor trade flows of essential goods.
  - Increase the frequency or flexibility in data collection periods.
  - Expand the use of technology and digital solutions to improve data collection and monitoring during crises.
- 3.3. At the <u>international level</u>, some Members highlighted the following practices:
  - Create or enhance mechanisms to establish a dialogue amongst Members for the rapid exchange of data and explore alternative methods that could be used for data collection in respect of trade in essential goods during emergencies.
  - Sharing of Members' information about national subdivisions created specifically for tracking trade in essential goods.
  - Where national subdivisions to classify essential goods in the national tariff nomenclatures are created by Members, whenever possible, common national breakouts should be harmonized, or product descriptions standardized to facilitate the aggregation of trade data at a later stage.
  - As a minimum, ensuring timely submission of tariff data and import statistics to the WTO's Integrated Database (IDB).

 On a voluntary basis, consider (i) more frequent and more detailed submissions of tariff and import data to the WTO (e.g. monthly import data and changes in applied tariffs), especially during crises, and/or (ii) the possibility to enter into voluntary agreements with the Secretariat, in accordance with paragraph 8 of the IDB Decision (G/MA/367), for the automatic transmission of tariff and import data to the IDB.

#### 4 IMPROVE COORDINATION AND COOPERATION AT DIFFERENT LEVELS

- 4.1. It was pointed out that Members were not fully prepared to combat COVID-19 and that national, regional and international cooperation played a key role in the pandemic response.
- 4.2. Many Members established or reinforced interagency coordination mechanisms, as well as improved dialogue with non-state actors to inform the policymaking response at each step. Timely coordination among relevant government agencies and other stakeholders was a critical component to keep under control the spread of the virus.
- 4.3. Members also considered that international organizations played a key role in supporting their responses to the pandemic and called for greater collaboration among them and for more flexibility in the way in which they provide support to their membership.
- 4.4. At the domestic level, some Members highlighted the following practices:
  - Introduce or reinforce interagency policy coordination mechanisms and ensure the existence of an agency/taskforce is important to coordinate efforts and avoid duplication.
  - Engaging with the private sector and other stakeholders affected by the crisis is also considered important for the design of trade policy measures.
- 4.5. At the international level, some Members highlighted the following practices:
  - Improve dialogue among Members in bilateral, regional or international contexts on traderelated aspects of the emergency or crisis.
  - Governments and non-state actors should prepare and implement a regional or global response plan to pandemics and health crisis in general.
  - Some Members recognized that enhanced cooperation and rapid exchange of information among them are crucial to take informed decisions in times of crises.
  - Existing mechanisms should be used to establish a dialogue and exchange information amongst policy makers on the relevant issues, including in the relevant WTO bodies; establish new mechanisms or platforms, as necessary.
- 4.6. Given the nature of issues discussed in the experience sharing sessions, Members considered that the <u>WTO and the WCO should strengthen their collaboration</u> particularly in the areas of tariff classification and monitoring of cross-border trade<sup>7</sup>, with a view to:
  - Improving Members' understanding of the Harmonized System and its review cycles, including for the submission of possible proposals for amending the classification of essential goods, where necessary.
  - Collaborating on recommendations for the establishment of national subdivisions that could be used collectively by Members to improve trade monitoring in essential products and facilitate capturing more granular trade data beyond the HS Subheading level.

 $<sup>^{7}</sup>$  On 30 May 2022, the Chairperson sent a communication, on behalf of the Committee, to the Harmonized System Committee of the WCO (G/MA/406) to highlight the main challenges faced by WTO Members with respect to the classification of COVID-19 goods and propose improvements to their classification in the next version of the nomenclature (HS2027). The communication also highlights the importance of strengthened collaboration between the two organizations.

- 4.7. In addition, external stakeholders noted that:
  - Enhancing cooperation and coordination among various intergovernmental organizations would allow to quickly identify and mitigate potential bottlenecks and facilitate the movement of goods.
  - Institutionalising Public-Private Partnerships to make them more productive and to deliver concrete results.

## **5 UNDERSTAND TRADE-RELATED MEASURES DURING CRISES**

- 5.1. Members recognized that trade played a key role in the fight against COVID-19. During the pandemic, and as part of their policy responses, Members have taken a number of trade-related measures to ensure the health and economic security of their people. Several initiatives to facilitate access and affordability of COVID-19 essential goods were also taken at the regional level, for example in Africa or Asia. Improving transparency on such measures is extremely important to maintain confidence in the global trading system and foster cooperation.
- 5.2. Several Members highlighted the importance of sharing information about their trade-related measures both through regular notifications to the WTO or, in case important elements are not covered by a notification obligation, by providing additional information, on a voluntary basis, for example with respect to: the type of measures; the rationale underpinning the introduction of such measures, their extension or termination; and information about their effectiveness.
- 5.3. With respect to <u>trade easing</u> measures, some Members and external stakeholders highlighted the following:
  - Temporary suspension, elimination, or deferral of payment of different types of taxes (e.g., customs duties, internal taxes, and other duties and charges) on essential goods, at the national and regional level, contributed to reducing the cost of such goods and increasing access and affordability for importers, traders, and consumers.
  - Reducing tariffs on essential goods to the extent feasible and in some cases, even making
    these measures permanent, may contribute to limiting disruptions and facilitating supply of
    essential goods during a crisis.
  - Other relief measures for businesses, particularly MSMEs, such as, for example, reducing or temporarily eliminate fees and/or charges on non-tariff measures (e.g., import licence fees), facilitating the issuance of trade documents (e.g. certificates of origin), and allowing payment flexibilities to business and the trading community, also contribute to better access to essential goods.
  - The simplification, streamlining or elimination of customs procedures and processes for importation of essential goods at national/regional border posts, contributed to expediting trade and reducing costs.
  - Likewise, the review, simplification and removal of other burdensome administrative procedures can help Members expedite clearance in emergency situations, such as lockdowns.
  - Regular reviews of the trade easing measures that were introduced allowed some Members to assess their effectiveness, modify their scope, and assess the need to extend them.
  - Some Members were of the view that trade easing measures should be implemented in a timely, transparent and efficient manner.

- Some Members suggested that information on trade easing measures could be provided, on a voluntary basis, to the WTO for greater transparency.<sup>8</sup>
- External stakeholders observed that while it is important to facilitate trade in "essential" goods, these goods are often manufactured with inputs that may not be considered as "essential" during a specific situation, therefore these "non-essential" goods may not be covered by policy measures from the pandemic response.
- 5.4. With respect to export restrictions, some Members highlighted the following:
  - Some Members acknowledged that export restrictions may be used as "last resort" measures to manage domestic supply issues in emergency situations.
  - When introduced, export restrictions should be:
    - Transparent; the restrictions should be published promptly on a website or other official source and be notified rapidly to the respective WTO Committees<sup>9</sup>;
    - Temporary; the restrictions should explicitly indicate their duration and expire or be terminated once the conditions no longer require them;
    - Necessary and targeted; the restrictions should be limited to their objective, and only concern those products which are strictly necessary to achieve the objective;
    - o Proportionate; the level of restrictiveness of the measure should be commensurate to what is necessary to attain the specific objective.
  - LDCs were of the view that the WTO should facilitate conversations among Members on the use of export prohibitions and restrictions during times of crisis which may adversely impact all economies, particularly the most vulnerable.
  - Exemptions and exceptions to the export restrictions should be made available and be based on, inter alia, the principle of international solidarity, on humanitarian grounds, and special consideration for LDCs, particularly landlocked LDCs, and net-importing countries.
  - Export restrictions should include a review mechanism to continuously assess the measure
    as the emergency situation evolves. Members should assess the effectiveness of the
    measure, explore alternative methods to manage shortages, and remove the measure once
    it is not needed. Regular engagement with all relevant stakeholders and enhanced
    interagency coordination is key to ensuring the efficiency and effectiveness of these reviews.
- 5.5. External stakeholders highlighted that prompt publication of trade-restrictive measures at the domestic level and their timely notification to the WTO is essential to keep all the actors informed of the availability of certain goods and to minimize the uncertainty.
- 5.6. Bilateral and regional cooperation played a crucial role in addressing the impact of the pandemic on LDCs, particularly landlocked LDCs. Some Members, including LDCs, joined several regional initiatives, for example in Africa or Asia, aimed at facilitating trade flows, ensuring transit of essential goods, and restoring supply chain connectivity, by reducing or eliminating tariff and non-tariff measures on COVID-19 essential goods.

# **6 THE ROLE OF DIGITALIZATION**

6.1. The COVID-19 pandemic accelerated digital transformation in many Members and sectors of their economies. At the same time, it also accentuated the digital divide. The international

 $<sup>^8</sup>$  The Committee compiled voluntary communications by Members with unilateral trade-related measures aimed at easing trade in COVID-19 goods in documents <u>G/MA/W/157</u> and its revisions and <u>G/MA/W/168</u> and its revisions.

<sup>&</sup>lt;sup>9</sup> The Committee compiled export restrictions and prohibitions on COVID-19 related goods notified by Members pursuant to the 2012 Decision on the notification procedures for quantitative restrictions (G/L/59/Rev.1) in documents G/MA/W/157 and its revisions and G/MA/W/168 and its revisions.

community plays a key role in facilitating a dialogue and collaboration among Members for the design and implementation of global rules for a more inclusive digitalization.

## 6.2. Members highlighted the following:

- Several Members recognised that the introduction or broader adoption of digital solutions and IT tools throughout the supply chains helped economic operations to continue their business and governments to implement their procedures, in particular when lockdowns were introduced.
- Some Members, notably LDCs, stated that enhanced collaboration and global dialogue are needed on areas related to digitalization, bridging digital divide and digital economy more broadly.
- LDCs highlighted the importance of a conducive multilateral trade framework for the promotion of digital inclusion, through initiatives like the WTO Information Technology Agreement (ITA) which could help develop the ICT sector and achieve LDCs' digital economy and digital transformation agendas.
- LDCs highlighted that digital connectivity shall be accessed by all. Access to digital devices and connectivity tools allows economic operators to continue to carry out business through e-commerce, even during lockdowns.

#### 7 ENHANCE TRANSPARENCY AND EXPERIENCE-SHARING AT THE WTO

- 7.1. Transparency is one of the main pillars of the WTO and Members recognized that this is even more important during crises. To better understand the impact and implications of COVID-19 pandemic on international trade, several Members stressed the importance of sharing information and experiences among them with a view to identifying common issues and solutions to respond to this and future emergencies.
- 7.2. Some Members and external stakeholders identified concrete future actions that could be taken in the context of the WTO, and more specifically within the context of the Committee on Market Access:
  - Encourage Members to continue sharing information on trade measures related to the pandemic within the mandate of the Committee.
  - Enhance transparency on emergency trade policy measures, including by voluntarily submitting additional and more frequent information beyond the regular notification requirements.
  - Holding thematic sessions and inviting experts from relevant international organizations on specific trade-related measures of interest to the Committee.
  - Engage all relevant stakeholders, including the private sector, academia, and civil society, affected by trade in COVID-19 goods in the discussions in order to reflect their inputs in the work of the Committee.
  - Organise experience sharing sessions so Members can better understand the decisions taken
    at the national level, as well as the challenges faced in times of emergency. To the extent
    possible, try to identify lessons learned so they can be applied for future emergencies or
    crises.
- 7.3. External stakeholders also mentioned the importance of building capacity (skills, know-how, sharing of experiences) of public and private sectors to improve resilience and be better prepared to respond to future crises.

\_\_\_\_